

Alzheimer's Association

Alzheimer's Disease and the New Medicare Prescription Drug Benefit

Average annual drug costs for people with Alzheimer's are estimated at \$3000. The new Medicare prescription drug benefit will provide some modest assistance with the cost of drugs used by Medicare beneficiaries with Alzheimer's. In addition, the new law provides some assistance with care coordination for people with chronic conditions and coverage of preventive services.

The Alzheimer's Association supported the passage of this legislation. In areas where the bill fell short, the Association has already begun working with Congress and other advocacy groups to address these issues and to oversee the implementation of the new drug benefit. Key aspects of the new benefit are outlined below.

All Medicare beneficiaries will have access to drug coverage: this is a drug plan for all beneficiaries, regardless of where they live.

Over **3.4 million¹ Medicare beneficiaries with Alzheimer's disease** will now have access to a Medicare prescription drug benefit.

An estimated **13.4 million low-income Medicare beneficiaries** will be eligible for financial assistance that will lower their drug costs.

This new drug benefit:

- is **voluntary** -- Medicare beneficiaries can choose whether or not to enroll in the new program.
- **helps those who need it most** -- it provides drug coverage for people with low incomes, at minimal cost to them.
- **protects those with the highest drug costs** -- after a beneficiary reaches the \$3,600 out of pocket limit in a year, the federal government will pay for 95% of prescription drug costs.
- **provides a drug discount card** -- beginning in 2004, beneficiaries can choose a Medicare discount card that will provide some immediate help with drug costs. In addition, many low-income beneficiaries will receive a \$600 subsidy on their card.

¹ According to Medicare claims data, an estimated 10% of Medicare beneficiaries have Alzheimer's disease.

- **provides subsidies for “dual eligibles”** -- people eligible for Medicare and Medicaid will pay no premium or deductible and have no gap in coverage; copayments are waived for dual eligibles in nursing homes.

The new law makes additional changes to Medicare that will benefit people with Alzheimer’s:

- **care coordination** -- for the first time, Medicare will provide a start on care coordination for people with chronic conditions such as Alzheimer’s disease. The new law creates 5 care coordination or disease management demonstrations, including 2 that specifically include Alzheimer’s disease.
- **preventive services** -- this new law provides additional coverage for preventive services including preventive screening for heart disease and an introductory physical exam.
- **protection for traditional Medicare** -- earlier proposals to add competition (also known as “premium support”) were modified to a limited demonstration that will not begin until 2010.